



COUNTY OF KAUAI

# Department of Finance

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## 2012 Budget Presentation

April 14, 2011

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## DEPARTMENT OF FINANCE

### **Mission**

To provide effective financial services to the people of Kaua'i and to all that we serve by establishing and maintaining a financial system that can properly account for its activities.

### **Goals and Objectives**

To maximize the use of resources we have by seeking opportunities to leverage these resources through technology and partnering wherever possible.

### **Successes and Achievements**

I would first mention that I am extremely proud and fortunate to have the team of employees that we have in the Department of Finance. The department, as a whole, has not grown significantly in numbers of employees in recent years as compared to other areas of county government. Yet our employees have worked together to accomplish a number of noteworthy accomplishments within the last year including but not limited to the following:

1. The Government Finance Officers Association (GFOA) awarded the County of Kauai a *Certificate of Achievement for Excellence in Financial Reporting* for the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009.
2. The County's external auditor, RC Holsinger Associates, CPA's, have issued an opinion that stated the County's financial statements is presented fairly, in all material respects to the financial position and the relative changes in financial position of the County in conformity with generally accepted accounting principles.
3. Finance/Accounting Division has significantly reduced the time period in which we close each monthly period to less than an average of three weeks after month end. This initiative has allowed management the ability to more timely review these actual results to monthly and year-to-date budget allotments.
4. In February 2010, the County of Kauai had achieved its highest credit rating in history from Standard & Poor's, Moody's Investors Service and Fitch. Standard & Poor's (AA- to AA); Moody's Investors Service (Aa3 to A1); and Fitch (AA- to A+) for our general obligation bond debt. The estimated savings the County will derive from these improved ratings equates to approximately \$3.2 million in savings of the life of the bonds.
5. Grants Management Program was able to close 127 projects from our accounting system in FY 10.
6. Grants Management developed four written procedures and conducted information sessions for departmental staff relating to Interest Income Earned, Federal Financial Reports, Accounting for Matching/In Kind and Grants to Private Organizations.

7. County was able to secure \$13,909,622 in American Recovery Reinvestment Act grant funds.
8. Risk Management Program processed 261 claims through our third party administrator, of which 132 were closed. Risk Management attained a closing rate of 51% in FY 2010 which was a slight improvement over the 48% closing rate for FY 2009. Of significance is that the statewide average closing rate was 20%.
9. Risk Management, as part of its cost-containment program improvements, utilized the services of a third-party bill review firm that audited medical bills and saved the county \$390,400 in medical costs.
10. Risk Management assisted departments in their safety and loss control efforts by coordinating a four-day leadership seminar for 80 employees to learn stress and drama reduction techniques at the workplace. Manual material handling training was conducted for 50 Parks and Recreation and Public Works employees covering lifting and body mechanics at 4 county facilities.
11. Risk Management performed a loss analysis of open claims to identify the causes and nature of workplace injuries. This analysis identified the most frequent and costliest causes of injuries were: 1) Manual material handling; 2) Slips and falls; 3) Stress; and 4) On the job training of new recruits (Police and Fire). Risk Management will utilize this data and expand risk management training in a manner that we will explain later. One very important future initiative is the on line Risk Management Training Program which will be discussed a little later in the presentation.
12. Real Property Assessment upgraded its assessment and administration software to an updated version.
13. In FY 2010, Real Property Assessment processed 1024 qualified Long Term Lease applicants, 94 Circuit Breaker applicants, and 12, 428 Permanent Home Use recipients who received tax credits of approximately \$6.8 million.
14. Real Property Assessment staff processed or administered a total of 18,379 exemptions totaling \$3.36 billion in cumulative value.
15. Real Property Assessment was able to improve the accuracy of assessments and achieved a sales-to-assessment ratio slightly above 90%. RPA uses actual sales data from which they compare their assessments.
16. In FY 2010, the Real Property Assessment Division successfully accepted, numbered and input all transient vacation rental applications.

17. Real Property Collections assisted Solid Waste Division in utilizing the existing real property tax billing system for the residential refuse collection assessment fees. This fee will begin effective July 2011. By leveraging this real property system, the county has saved hundreds of thousands of dollars in costs that would have otherwise been used to purchase a system. This leveraging will save hundreds of thousands in future external and internal maintenance costs.
18. Kauai Drivers Licensing Section was determined to be in compliance with federal (Social Security Administration) system security requirements.
19. Successfully implemented Hawaii Administrative Rules covering Chapter 19-122 relating to drivers licensing procedures affecting persons with disabilities.
20. IT was able to provide assistance to the Solid Waste Division with route maps and address information for their automated curbside refuse pickup program.
21. IT created GIS Maps and Data Lists that will be used to create new evacuation maps that are near to potentially hazardous dam areas. Efforts were coordinated with Civil Defense, Pacific Disaster Center, Police, Fire and DLNR.
22. IT helped update the Kauai County Hazard Mitigation Strategy for Civil Defense by creating 120 maps and submitting them to University of Hawaii consultants. This work allows Kauai to access federal emergency funds in the event of a natural disaster.
23. IT completed the FLSA (Fair Labor Standards Act) project upgrading our Payroll system for compliance and implementing audit procedures to ensure accuracy. While audits for Fire remain ongoing, the project is essentially done. This was a joint project involving IT, Finance, the software vendor, and third-party consulting services.
24. IT added more On-line Forms and interactive pages available from Kauai.gov, including the Anti-Drug Data Bank forms/views, as well Police report forms for Suspicious Activities and Service Requests.
25. In FY 2010, Purchasing Division completed equipment procurements totaling nearly \$5.3 million.
26. Other significant procurements for which Purchasing provided assistance included the Waimea Wastewater Treatment Expansion Project; \$15.7 million; Kekaha Landfill Lateral Expansion and base liner, \$6.9 million; Historic County Building Renovation, \$3.9 million; Island wide resurfacing, \$2.5 million; Helicopter Acquisition, \$2.2 million; Lighting System Retrofits, \$1.1 million.

What excites me even more is the work that lies ahead.

## Upcoming Initiatives

1. We will be proposing a bond-refinance of approximately \$27 million in general obligation bonds. A bond underwriter and bond counsel have been recently selected. The current bond market will allow the county to reduce annual debt service in the \$270k or more range without extending the bond amortization period. Total savings for this initiative is estimated to exceed \$2.9 million.
2. Propose a Reserves Policy via County Resolution in June of 2011.
3. In order to improve on the timing of relevant budget revenue information, we will be proposing to change the certified tax role date from May 1 to the February timeframe. This will give decision makers accurate real property tax revenue information from which budgets can be based.
4. To improve the accuracy in which we budget for real property tax revenues, we will be proposing an ordinance amendment that will provide for more latitude in the amount we can legally budget estimated real property tax revenues. The current ordinance allows us to budget net real property taxes less 50% of taxes on appeal. This has proven to be overly conservative. A more realistic number will be proposed via an ordinance by July 2011.

## Challenges

### Resources:

- Funding
- Availability and Use of Technology
- Staffing

I am a true believer that a well-run internal audit function could bring significant value to an entity such as the County of Kaua'i. I agree and encourage the active role of the County Council with the internal audit function to maximize its value and improve departmental efficiencies. In recent years the County has increased significantly the funding for this function. These dedicated resources will impact on the human and time resources of the various affected departments being audited. It has and will continue to impact other core deliverables that pre-existed prior to the internal audit function.

The County Auditor has begun a \$70,000 consulting contract to review furloughs. This audit is in its infancy and will take a good deal of resources from IT, Finance-Administration, Finance-Accounting, County Attorney's and other departments. We have begun to log the administrative time spent on this engagement. In the end I believe it would be safe to say that we will be spending well in excess of \$100,000 in taxpayer dollars.

Another example of additional administrative time spent to assist the County Auditor was in their recent RFP for the County Annual Financial Audit. Bidders requested answers to over 50 questions to better understand the RFP. The Finance-Accounting Division provided the answers to these questions.

My points are simple. We need to acknowledge that there are significant costs to audits for the administration. We are not geared up with staff to be as responsive as we would like. We need to make sure that the decision making process in determining what audits will be performed is done with the belief that the audits will provide long term value to the County.

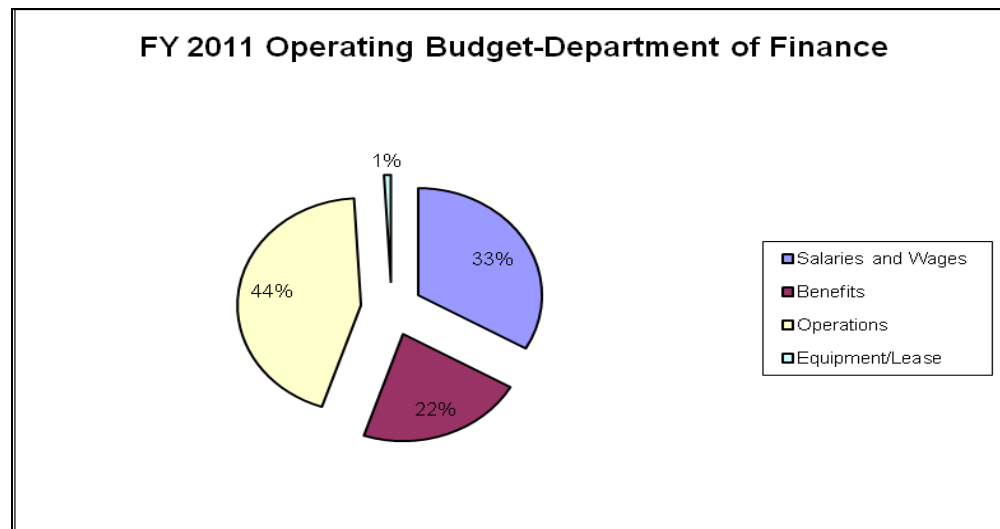
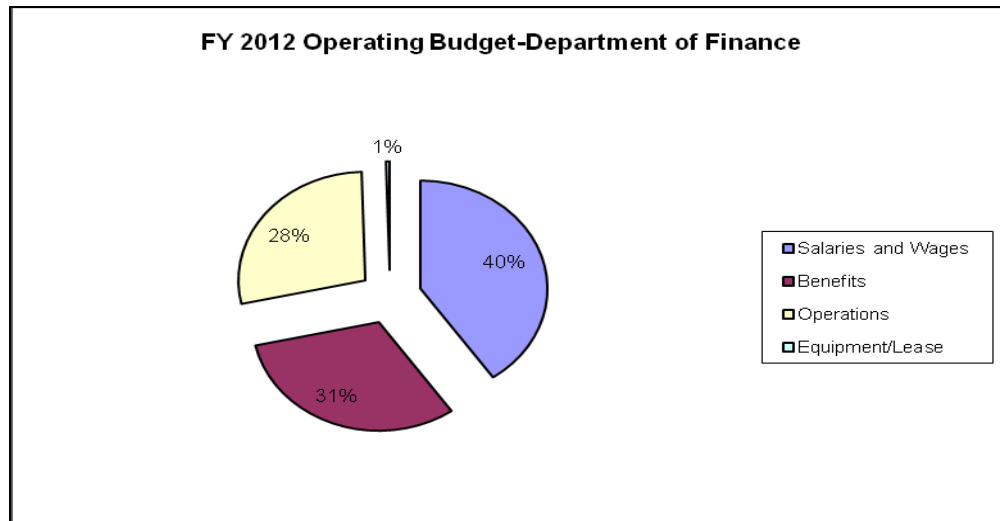
## Finance Department Budget Overview

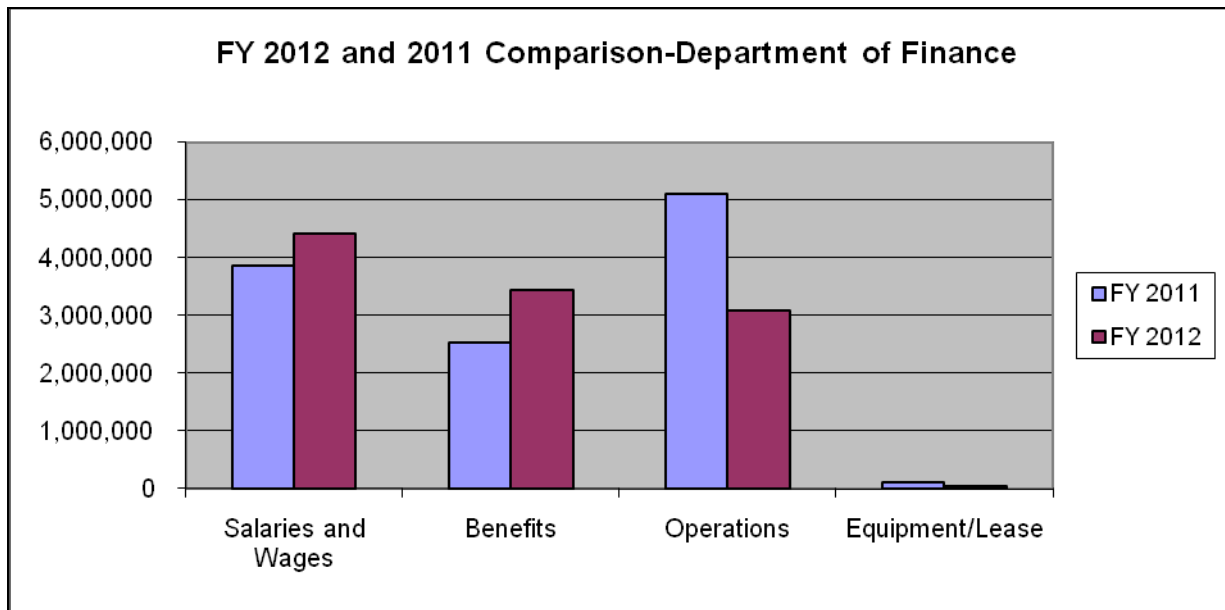
The Department of Finance is County chartered department that is currently comprised of 88 dedicated employees that provide a number of essential services to both external and internal customers. Our employees work in 10 divisions or sections within the department. These areas include Finance-Accounting, Information Technology, Treasury, Drivers Licensing, Motor Vehicles, Real Property Assessment, Real Property Collections, Purchasing, Risk Management and Finance-Administration. At present, a total of 7 of our 88 employees are funded by State of Hawaii grants (5 in Drivers Licensing and 2 in Motor Vehicles). Three of our positions are \$1 dollar funded and reside in Administration, Accounting and Real Property Assessment. We currently have 8 vacancies as indicated on the last page of this document.

The Department of Finance FY 2012 budget of \$10,982,653 is 5.4% or \$630,844 lower than our FY 2011 budget which totaled \$11,613,497. The pie chart clearly displays a decrease in Operations. In FY 2011, Operations comprised 44% of the budget whereas in FY 2011 Operations comprised 28% of the budget. The main factor for this change was an increase of \$2.47 million in cost allocations from the various funds (Highways, Liquor, Solid Waste, Sewer and Golf) to the General Fund.

	FY 2011	FY 2012	Difference
Finance Administration	\$4,564,037	\$4,830,261	261,224
Finance Accounting	336,474	(1,992,882)	(2,329,356)
Information Technology	2,400,423	3,041,227	640,804
Treasury	210,360	243,835	33,475
Drivers Licensing	465,764	613,585	147,821
Motor Vehicles	735,513	843,444	107,931
Real Property Assessment	1,598,308	1,770,759	172,451
Real Property Collections	427,841	467,338	39,497
Purchasing	749,953	880,983	131,030
Risk Management	124,824	284,103	159,279

## Comparative Graphs





	FY 2011	FY 2012	% + or -
Salaries and Wages	3,862,697	4,423,928	14.5%
Benefits	2,541,104	3,432,210	35.1%
Operations	5,105,996	3,075,705	-39.8%
Equipment/Lease	103,700	50,810	
<b>TOTAL</b>	<b>11,613,497</b>	<b>10,982,653</b>	<b>-5.4%</b>

I will be calling up a number of division heads to discuss in more detail a number of other initiatives that they intend to embark on in FY 2012.



## **Department of Finance Information Technology**

### **Mission**

To provide the Mayor's Office and County Agencies with information technology services which enable them to serve the public in a cost-effective and efficient manner.

### **Goals and Objectives**

The primary goal for our Information Technology Division is to provide quality customer service and expert technical services that empower County employees through the availability of accessible and useful information, as well as the use of automated systems that improve their productivity. This goal is supported by several key objectives.

1. Provide County employees with easily accessible technical support and timely responses via a centralized Help Desk function.
2. Maintain and enhance the County's technical infrastructure to ensure reliable, efficient, and secure operations.
3. Assist County Agencies with the procurement and implementation of new systems that will increase operational efficiencies, as well as improve the services available to our citizens.
4. Recommend solutions and strategies that will leverage the power of technology to address countywide needs.

### **Successes and Achievements**

1. Implemented the Granicus webcasting solution to provide live County meeting coverage over the Internet, as well as on-demand access to meeting archives.
2. Upgraded Internet bandwidth for primary county offices in order to increase productivity and prepare for future initiatives.
3. Coordinated with senior IT staff across the state to facilitate relationships and exchange knowledge that can be utilized to improve County operations.

### **Challenges**

1. Our staff-to-work ratio makes it difficult to provide quality customer service, while concurrently maintaining infrastructure and pursuing critical new projects.
2. The County has many aging systems and paper-intensive processes that need to be addressed, but resource constraints will limit our ability to act quickly.
3. Current infrastructure and systems are resource-intensive requiring a transition to alternative solutions that leverage non-County assets.

## Improvements

1. Develop a comprehensive set of standard operating procedures for the department to improve and optimize how IT does business within the County.
2. Review and improve vendor contracts/relationships to ensure appropriate service level agreements
3. Implement a new methodology for internal project planning and tracking.

## Upcoming Initiatives

1. Infrastructure Improvements – Address critical hardware/software maintenance issues, and improve performance of the network, application solutions, etc. Prepare architecture foundation for next generation of applications, proper testing environments, and deployment of “cloud-based” services.
2. Countywide Document Imaging - Complete a countywide needs assessment for imaging requirements beyond the current phase, and implement the next phase of this project based upon documented priorities.
3. Electronic Plan Intake/Review – Implement a new system to enable electronic plan intake, review, and processing. This will deliver an on-line repository of plans, allow citizens to submit plans electronically via the Internet, automate internal/external workflows associated with plan review/approval, and provide efficient email communications/notifications between plan reviews and citizens.
4. Purchasing Automation – Implement an automated solution to enable solicitation and bid processing/awards over the Internet to realize huge internal savings in time and paper/printing, as well as vendor partner efficiencies/convenience. Also, create a centralized electronic repository for tracking contract details and documents improving contract management, storage, and retrieval. Support the P-Card initiative through implementation of an integrated module and reports in the Sungard financial system, as well as a direct bank interface to automatically download transactions.
5. Forms Management & Workflow (Future) – Research, select, and implement a feature-rich forms management system that includes configurable electronic forms, workflow-driven document routing, managed work queues, and electronic signatures.

## **Department of Finance Purchasing Division**

### **Goals and Objectives**

Moving toward reliance upon the technological resources available to achieve a higher level of efficiency, cost-savings, and effectiveness

Methods and Initiatives:

Developing an Internet-based Electronic Procurement System that Will Enable the Following Functionalities:

1. On-line solicitations of all procurement methods
2. Posting of awards on-line to avoid inefficient, cumbersome, and costly methods of notification
3. Posting of addenda and other procurement-related communications and notices on-line

Automated Shared Forms Directory for Use by All County Agencies

1. Accurately identify all pertinent forms and make substantive changes to ensure accuracy
2. Automate all forms to a form-fill protocol to allow for the timely completion and submission
3. Create a revised automated submission protocol in the County which will allow us to move away from a paper-driven to a fully automated process
4. Create electronic file storage capabilities so avoid large paper files that take up valuable space and create substantial storage and disposal issues.

Automated Contract Processing System to Streamline and Improve the Delivery of this Vital Service

1. Eliminate the paper-intensive and high-cost driven processes involving photocopying, use of certified and regular mail.
2. Create a paperless process that allows County agencies to transmit documents electronically in a more timely and effective manner.
3. Expediting the processing of contracts by eliminating the past practice of photocopying of contracts for processing.
4. Create an electronic fund certification process to avoid the delays associated with a paper-driven process that currently exists.

5. Expedite processing of contract copies via the use of PDF and email transmissions rather than hard copies.

#### Development and expansion of the P-Card Initiative

1. Expand the P-Card threshold for travel-related purposes with the Director maintaining discretion to authorize expenditures of larger amounts based on legitimate need.
2. Expand the use of P-cards to general commodities to streamline acquisitions and reduce costs.
3. Eliminate 85% of all purchase orders as a means to save time and money create vitally needed time to focus on major procurement demands.
4. Create financial benefits for the county resulting from credit payments based on P-card use.
5. Cite State of Hawai'i success in the use of the P-Card – mandatory use for purchases less than \$2,400. \$900 million expenditures. Successful audit review.

#### Technological Adaptations and Development

1. Goals: will result in substantial cost and time savings and avoid historical practices involving the use of certified mail, regular mail, photocopying, and other traditional methods that are highly inefficient.
2. Create a technological-based environment which will provide the means to effectively address the substantial increase in formal procurement requests. Developing a “work smart” versus “work hard” mindset that technology will allow.
3. Delivery of vital procurement-related services in a more efficient and cost-effective manner.
4. Providing the means for substantial agency-based cost reductions by relying on the internet and other technologies to post solicitations and addenda that absorb a tremendous amount of funds - - Example: \$10,000 appropriated for photocopying costs alone for larger construction projects.
5. The ultimate goal is to develop a fully functional and integrated internet-based electronic procurement system. While we can utilize no-cost or minimal cost resources and applications currently available to begin moving toward more technologically-based efficiencies, a fully integrated system, as it exists in the City and County of Honolulu and at the State level, will likely require financial resources and investment to achieve a global solution.

## **Successes and Achievements**

1. On-going, comprehensive evaluation, review, and assessment of current practices, policies, and procedures to identify inefficiencies and redundancies.
2. Increase in the small purchase threshold to streamline small purchase acquisitions and vest more authority and discretion to County agencies.
3. Various modifications to boilerplates and other procurement-related documents to streamline and create efficiencies.
4. Pursuing multiple initiatives concurrently to move procurement operations into the 21<sup>st</sup> century as noted above.
5. Properly classifying personnel positions to responsibly address the substantial increase in the complexity and volume of procurement-related work.

## **Department of Finance Risk Management Division**

### **Goals and Objectives**

The mission of the Finance Department-Risk Management Division is to protect the County's human, physical and financial assets through comprehensive and cost effective insurance and risk management programs.

### **Successes and Achievements**

Additional staffing has allowed for expansion of risk management focus to include on-going education and training, development, review and maintenance of policies and procedures and initiation of new programs and procedures to minimize the County's exposure to risk.

### **Challenges**

The lack of a Human Resources Department/Division creates communication gaps between the Risk Management Division and the Personnel Department in dealing with employee related issues.

### **Improvements**

1. Through IT, establishment of a repository for countywide policies through a SharePoint portal site (Policy Against Harassment and Discrimination, Computer, Email and Internet Policy).
2. Initiation of Countywide trainings (Policy Against Harassment and Discrimination)

### **Upcoming Initiatives**

1. Education/Training Program
  - a. Web based online training program for all County employees on a variety of general and specific topics.
  - b. Coordinate regularly scheduled safety training through Insurance Broker and other sources.
  - c. Work with DPS in coordinating management and supervisory training through EAP vendor and other sources.
2. Establish Countywide Risk Management/Safety Committee
3. Countywide Policies and Procedures
  - a. Review and update countywide policies and procedures and maintain on countywide SharePoint portal for standardization and consistency.
4. Work with the Personnel Department in determining role of Risk Management division within a Human Resources Department.

5. Work with Personnel Department in the establishment of a Return to Work Program.
6. Work with Personnel Department in the establishment of a New Hire Orientation to ensure standardization and consistency in information (policies, procedures, benefits, etc.) to all employees.

## Department of Finance Treasury Division

### Challenges

#### **Real I.D.**

The purpose of this correspondence is to request to fill the vacant position number 288, Driver License Examiner/Inspector (aka Taxi Enforcer), SR16, and Reallocate to Supervising License Examiner/Inspector SR22, this will bring the Driver License Section to their original organization structure and head count prior to 1996. To assist with the normal volume growth and the requirements of unfunded mandates of Federal and State law, specifically the REAL ID ACT of 2005 (enacted by Congress in May 2005 in response to the 9/11 terrorist attacks).

#### ***Background***

*This position, Driver License Examiner/Inspector (288) was approved in the FY2008 Budget.* Prior to the approval the headcount in the Driver License Section was eleven (11), six (6) County funded and five (5) State funded from 1996 – 2007. Prior to 1996 the headcount in the Driver License Section was twelve (12, 7 County, 5 State). In 1996 a vacancy (due to death), the Supervisor of Driver Licensing Examiner/Inspector was transferred to the IT Department. Volume growth in the Driver License Section has been 4% per year since 2000, an increase in workload of 35%. The increased volume of transactions involving licensing activities equates to an additional 5,800 man hours of increased workload (35% x 11 x 1976 hrs.) per year, or the equivalent of 3.9 additional personnel. The accumulated workload was being addressed by the Chief and State funded positions vacating their primary duties to do clerical support, testing, written and phone inquiries of medical review and taxi cab problems which were not being followed up on due to the increases of workload. The volume increases combined with unfunded law changes which increased processing time, and staff vacating primary duties created public service issues in the form of complaints of inadequate public service.

The purpose of the new created position was to free up supervision and State funded positions from vacating their primary duties of CDL testing (oral/road), Financial Responsibility and PMVI inspections and addressed the concerns of the public of scheduled road testing, medical review and taxicab enforcement. The position was filled in August 2007 via internal promotion of the County funded Driver License Examiner SR15. However, since that time there has been numerous changes, from the Chief Examiner leaving employment (Matthew Ruiz), to promotions internally of the Motor Vehicle Control Inspector to Chief Examiner, and the Taxi Enforcer being promoted to Motor Vehicle Control Inspector, leaving the Taxi Enforcer position vacated as of October 31, 2008.



## **Unfunded Mandates**

In addition, unfunded mandates from the federal and State governments in the near future for all four Hawai'i County Driver License Divisions:

REAL I.D. (Act of 2005) – commencing 2011, full compliance by January 2013 to balance DHS's responsibility to ensure that driver's licenses and identification cards intended to be used for official Federal purposes meet certain statutory and regulatory requirements. "Official purpose" as defined in the Act and the regulations include, but not limited to, accessing Federal facilities and boarding Federal regulated commercial aircraft. Individuals possessing licenses and ID documents from non-compliant States would either have to undergo additional screening or provide alternative documents to pass through security at airports and to access Federal facilities.

1. Facility infrastructure upgrades, including security cameras at DMV locations, modification of facilities to limit public access to sensitive equipment and card production materials storage locations, and the addition of upgrades to security alarms, doors, or other electronic detection equipment.
2. Upgrades of IT infrastructure or systems overhaul (including modernization of IT systems to ensure all in-State DMVs are interoperable), software upgrades to improve the ability to protect personal identity information, and ensuring the ability to use electronic immigration verification system.
3. Document security enhancement, including the development of more tamper-resistant documents with enhanced security features, and the use of facial recognition software to detect a person with multiple identity documents or social security numbers.
4. Equipment upgrades, including document scanners, high-resolution digital scanners, and high-speed printers, and
5. Reengineering of business practices, including converting to over the counter issuance to a more secured central issuance process, minimizing the potential for insider fraud.

LEGAL PRESENCE (Act 38, SLH 2010 and Sec. 19-122-305 HAR) – enacted by the State to comply with the REAL I.D. ACT. This requires that the county examiner of drivers to verify that a person applying for a driver's license is legally present within the State, and ties length of stay with the Hawai'i driver's license or permit expiration. Evidence of lawful status will be required when obtaining Hawai'i Driver's License or Permit, commencing 2011, also enacted by the State,

1. Fraudulent Document Recognition Training – once started completed in six months, need to be trained prior to issuance of REAL ID driver license, refresher course at least every three years. This is part of the REAL ID Security Plan.

**Do we need it and why?**

In addition to the normal volume growth, the County is mandated by Federal and State law to comply with the REAL ID ACT of 2005 and its additional requirements of securing proper identity documents.

**Will the County survive without it?**

No, volume growth will continue, and the County is mandated by Federal and State law to comply with the REAL ID ACT of 2005.

**Can it wait?**

No, currently there are about 29,000 licensed drivers in the County that will need to be re-processed to be in full compliance with the REAL ID ACT of 2005 by December 1, 2014, if they wish to fly on a commercial aircraft or enter a federal agency (those born after December 1, 1964). On or after December 1, 2017, federal agencies shall not accept a driver license or ID for official purposes from any individual unless such license or ID card is a REAL ID compliant driver license or ID card.

## **FINANCE DEPARTMENT REAL PROPERTY ASSESSMENT DIVISION**

### **Goals and Objectives**

The Real Property Assessment Division's mission is to accurately and uniformly assess all real property within Kaua'i County annually; maintain current ownership and taxpayer address records; create and maintain up-to-date tax maps; provide public service education; and administer numerous tax relief programs.

### **Successes and Achievements**

The use of new, integrated technologies, such as Pictometry and GIS Mapping, combined with development of "market modeling" methodology has increased both this division's efficiency and accuracy in assessing residential properties. These technologies have allowed RPA to remain at essentially the same staff levels for over two decades despite a rapidly growing taxpayer and parcel count.

### **Challenges**

The primary challenges facing RPA are administering the complex, layered tax relief programs; enforcing and complying with the laws of K.C.C. Chapter 5A; and monitoring our assessment software to make sure it functions in concert with our laws. Additionally, the changes in the technologies utilized by RPA have subsequently resulted in our staff having to possess greater technical skill sets, specifically computer and analytical abilities, which requires ongoing training. Kaua'i County does not currently have a Property Technical Officer, a staff member specializing in statistical data analysis, database queries, construction cost studies, staff training, and assessment quality control; thus, it has become incumbent (voluntarily) upon a few key staff members to perform these functions without any formal training or change to position descriptions.

An efficiency challenge that exists at a macro level is the limited integration between county departments, such as Planning and Public Works (Building Division), which currently relies on the "paper delivery" of shared information between departments. This inefficient flow of information between departments combined with the extensive amount of time being spent on tax relief programs has resulted in a backlog of building inspections and related fieldwork. This proves problematic in that the amended notice of assessment for omitted buildings or properties for prior tax years can result in significant rollback taxes to taxpayers as well as create the negative perception that RPA is not doing their job.

There are a number of changes, including ordinance, technology, and staffing that are in various stages of consideration and/or implementation. Ordinance changes to streamline assessments and simplify tax relief programs are being drafted and hope to be presented for consideration by the Council during 2011. The major ordinance changes include changing the assessment notifications to a single value, applying tax rates according to actual use rather than zoning, removing the redundancies of overlapping tax relief programs, shortening the tax rollback period, creating a commercial alternative energy exemption, and reducing the appeals threshold. Another ordinance change under consideration is moving the assessment and appeals deadlines to earlier dates so that the certified assessment roll will better coincide with the annual budget proceedings. Changes in staffing include redefining our current position descriptions to meet the changing needs of RPA. We will look into the possibility of reclassifying and prioritizing the vacant tax clerk (position 286) and utilize the funding from an existing temporary position (T274) and convert it into a PTO position in our future budget submittal. On the technology forefront, adding the Change Finder enhancement to the existing countywide Pictometry software will allow RPA to screen properties that have made changes in the improvements between periodic flyovers. RPA is investigating the feasibility of using a third-party vendor to assist with the enforcement of exemption fraud. The IT

department will be tasked with assisting RPA to find more efficient and reliable ways to share data for the mutual benefit of numerous county departments. While likely to be cost prohibitive during these challenging economic times, future initiatives may include investigating the feasibility of upgrading to a web-based software and using field tablets to collect real-time data.

## **Improvements**

A Property Technical Officer from City & County of Honolulu was retained to train our appraisers in “Market Modeling,” a valuation process that mirrors the Sales Comparison approach used by fee appraisers, and a proven methodology that has been employed by CCH for the past ten years. Market modeling has resulted in better market value estimates and is alternative to the Cost approach historically used by all Hawai'i counties.

A recent re-organization of RPA has created improved coordination and administration of the “front of the house” activities, clerical and mapping sections, as well as better turnaround times for amended assessment notices. The changes in leadership roles at “back of the house” are resulting in greater standardization of valuations; improved monitoring of staff appraiser responsibilities; streamlined appeals intake processes; comprehensive review of the existing real property ordinances and policies; and earlier reporting to the Finance Administration and the County Council.

## **Upcoming Initiatives**

1. RPA intends to do a comprehensive review of our initial model configurations and will utilize additional training from Honolulu’s Property Technical office to continue refining our market models. To better facilitate market modeling, it is our intent is to move away from appraiser assignments by “zone” and move towards assignments by “property type”, such as oceanfront, resort/VDA, tract subdivisions, and larger estates.
2. The administrative staff is scheduled to attend “Assessment Administration” training, hosted by CCH and issued under the IAAO (International Association of Assessing Officers) standards for all Mass Appraisal entities.
3. An ERSI (GIS) software company has provided for four invitations to their annual conference on the utilization of GIS with all types of practical software, including CAMA (mapping by global satellite imagery linked with assessment data by Tax Map Key). The conference will be held in San Diego this July, and RPA hopes to send one or two employees to this conference.
4. RPA would greatly benefit from any Procurement training as well as Personnel management training, should this training become available.
5. PA also envisions adding entry level appraisers and property technical staff to meet our office’s changing needs, as well as develop a succession plan for an aging workforce.

## **FINANCE-VACANT POSITIONS 2011**

<b>Administration:</b>					
	<b><u>Position No.</u></b>	<b><u>Title</u></b>	<b><u>SR</u></b>	<b><u>Salary</u></b>	<b><u>Fill Date</u></b>
	1547	Special Projects Officer		\$1.00	
<b>Accounting:</b>					
	290	Payroll Specialist		\$1.00	
<b>Information Tech:</b>					
	244	IT Specialist IV	26	\$45,018.00	
	273	IT Specialist IV	26	\$45,018.00	
<b>Drivers License:</b>					
	288	Driver License Examiner & Inspector	16	\$35,064.00	
	238	Driver License Examiner & Inspector	16	<b>*See below</b>	5/2011
<b>Real Property:</b>					
	286	Tax Clerk	12	\$1.00	
	T274	RP Cert Residential Appraiser		\$54,288.00	
<b>Collections:</b>					
	233	Tax Collection Assistant	15	\$42,684.00	5/2011
		<b><u>STATE FUNDED POSITIONS:</u></b>			
<b>Treasury:</b>					
	228	Vehicle Titles and Registration Tech	13		<b>Filled</b>
	242	Vehicle Titles and Registration Tech	13		<b>Filled</b>
<b>Driver License:</b>					
	238	Driver License Examiner & Inspector	16	*	<b>Vacant</b>
	243	Staff Assistant	14		<b>Filled</b>
	250	Motor Vehicle Financial Responsibility Clerk	13		<b>Filled</b>
	251	Driver License Clerk I	11		<b>Filled</b>
	252	Motor Vehicle Control Inspector	18		<b>Filled</b>